MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Manitoba
Agriculture

Annual Report
1985 - 86

Manitoba Agricultural Credit Corporation

Manitoba

Minister of Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

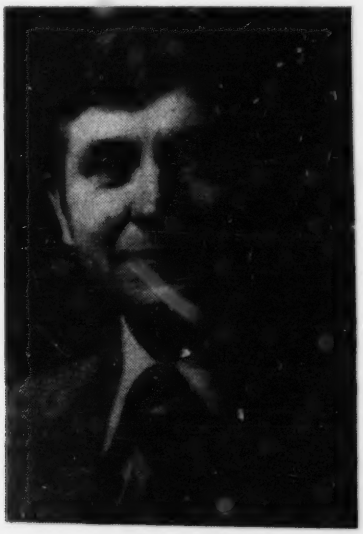
To His Honour,
George Johnson,
Lieutenant-Governor of Manitoba.

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1985 to March 31, 1986.

Your obedient servant,

Bill Uruski,
Minister of Agriculture.



MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

7TH FLOOR — 125 GARRY STREET
WINNIPEG, MANITOBA
R3C 3P2

(204) 947-3244

Manitoba
Agriculture

Honourable Bill Uruski
Minister of Agriculture
165 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Uruski:

I have the honour to submit herewith the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1986.

Yours respectfully,

Olafur P. Sigurdson
Chairman
Manitoba Agricultural
Credit Corporation

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The Manitoba Agricultural Credit Corporation

Board of Directors

Olafur P. Sigurdson	Chairman
Hazel Allan	Vice-Chairwoman
Henry Reske	Board Member
Lawrence Bell	Board Member
Hubert Sinclair	Board Member
Patricia Barry	Secretary

Officers

Neil A. Potter	General Manager
J. David Bilsland	Director, Finance and Administration
Douglas A. Parnell	Director, Credit Administration
Edwin R. Poore	Director, Program Planning, Development and Evaluation
Albert W. Todosichuk	Director, Field Operations
Oli P. Josephson	Director, Fisherman's Loans

Financing of the Corporation

Since its first year of operation in 1959, the Corporation has borrowed its capital from the Province of Manitoba. The capital funds remained with the Corporation to be re-used for lending purposes and the interest on this capital was paid annually to the Province.

Commencing in 1977, arrangements were made to repay capital advances together with interest charges over an amortized period consistent with the term over which these monies were loaned.

Balance Sheet

Fiscal 1985-86 brought about a change in the method of funding provided by the Province toward the Corporation's operating costs and this change has resulted in the Corporation now experiencing an accumulated operating deficit. The change in funding provided focussed on the Corporation's accumulated allowances for doubtful accounts at March 31, 1985 of $5,325,064 and eliminated any further funding of the allowance, providing funds on a bad debts written off basis instead. As a result of the funding change, the Corporation was requested to repay to the Province its previously funded alowance for doubtful accounts of $5,325,064. This payment and the change in the method of funding by the Province has resulted in a net excess of expenditure over revenue of $7,609,736 for the year ended March 31, 1986 which has been applied to the previous years reserve for working capital of $2,902,389. The resulting $4,707,347 now represents the Corporation's deficit account as of March 31, 1986.

Statement of Revenue and Expenditure

The net cost of operating the Corporation was $7,344,266 in the year under review compared with $7,823,752 in the previous year. The decrease was primarily due to a decline in Young Farmer rebates and in Guaranteed Loan losses. To offset the net cost of operation, the Province of Manitoba, via the appropriations of the Department of Agriculture, contributed $5,059,594 resulting in an operating excess of expenditures over revenue of $2,284,672 for 1985-86 compared with a break even position in 1984-85. The 1985-86 excess of expenditure over revenue combined with the repayment of the accumulated allowances for doubtful accounts has resulted in the net excess of expenditure over revenue of $7,609,736, and is directly attributable to the change in the Province's method of providing operating funds to the Corporation. This change eliminated Provincial funding on allowances for doubtful accounts and provided funding to the Corporation only on a bad debt write off basis. The allowance for doubtful accounts expenditure for 1985-86 amounted to $3,639,847, less funding provided for write offs of $1,355,175 resulting in the operating excess of expenditure over revenue of $2,284,672.

In the Fish Program, the Province covers the administration costs and net interest costs of the Fisherman's Loan Program via an appropriation of the Department of Natural Resources. The net costs covered amounted to $379,600 for 1985-86, the same amount of funding was provided in the previous fiscal year.

Operations Review

Active M.A.C.C. Accounts
As at March 31, 1986

1. Direct Loan Accounts	5786
2. Mortgage Purchase Accounts	282
3. Corporate and Co-operative Loan Accounts	29
4. Crown Land Purchase Accounts	139
5. Stocker Accounts	159
6. Manitoba Beef Stabilization Accounts	370
7. Refinancing Program — Regular	95
8. Refinancing Program — Corporate	14
9. Part Time Farmers	2
10. Manitoba Interest Rate Relief Accounts	1254
11. Beef Producers Income Assistance Accounts	52
12. Guaranteed Loan Accounts	962
13. Long Term Lease Accounts	82
14. Short Term Lease Accounts	57
15. Farm Diversification Loan Accounts	494
16. Emergency Fodder Loan Accounts	3
17. Livestock Grant Accounts	11
18. Disaster Relief	8
19. Fisherman's Loan Accounts	1175
Total:	10,974

Loan Activity

During the 1985-86 fiscal year, the Corporation's Agricultural activities totalled $65,999,569 a decrease of $8,377,739 from the previous fiscal year.

The most significant decreases in lending activity were Direct Loans, $7,410,363, Guaranteed Loans $7,544,600 and in a program being phased out, Interest Rate Relief, $2,476,710, significantly offset by the new Refinancing Program with lending activity generated of $8,241,893. Increases in Stocker Loans of $873,321 and in the Beef Stabilization Loans, $650,058, accounted for the other offsetting increases

in lending activity. The present world wide farm economic climate, rising costs, falling farm commodity prices, decreasing market values of security and potential viability have been responsible for the decline. Some farmers appear reluctant to take on additional credit servicing responsibilities unless dictated by present financial circumstances and the Corporation has been unable to accept all loan applications solely on the basis of need unless the farm unit is viable and the security is adequate.

Fishermen's Loans for the year totalled $2,595,025 an increase of $272,561 over the previous fiscal year, the increase primarily due to the increase in the number of loans approved, 67.

Two new lending programs were introduced during the 1985-86 fiscal year; the Refinancing Program which provided 71 loans to farmers totalling $7,012,963 and 6 loans to Corporate farms totalling $1,228,930 and the Part Time Farmers' Program, just underway at year end, which provided 2 loans for a total of $226,600.

During the 1985-86 fiscal year, the interest rate reduction program instituted in 1984-85 was again undertaken by the Corporation. This program reduced the Corporation's effective lending rates (interest charges) to 8% on direct, corporate and farm diversification program loans with funds provided by the Department of Agriculture.

Interest Rate Reduction Program (8%)

To effectively reduce interest costs to clients during the 1985-86 fiscal year, the Minister of Agriculture again provided the 8% reduction program to apply to interest charges processed to client accounts for that year.

Total cost of this program for 1985-86, which was separately funded by the Department of Agriculture, was $6,029,993 of which $3,695,882 was refunded to clients by cheque and $2,334,111 was credited to client loan accounts. Comparable amounts for 1984-85 were $4,655,224, $2,954,678 and $1,700,546 respectively.

Direct Loans

Since its inception in July of 1978, the current Direct Loan Program has generated a loan volume of $180.9 million with $102.5 million of this amount used for land purchases.

Of the $15.7 million approved in direct loans during 1985-86, 75% was used to purchase land, 16% for consolidation of debts, 3% for permanent improvements to land and buildings, and the remaining 6% for equipment, livestock and other purposes. Young farmers were recipients of 98% of the proceeds of direct loans.

Refinancing Program

This program, which was introduced during 1985-86 will provide a total of $20,000,000 in loans to farmers or corporate farms which are in financial difficulty at a subsidized interest rate of 9-3/4% for the first five years of the loan. After expiry of the first five year term the interest rate will be the Corporation's regular lending rate at the time the loan was made.

During the 1985-86 fiscal year, activity in this program amounted to 71 approvals for farmers totalling $7,012,963 and 6 approvals for Corporate borrowers totalling $1,228,930.

Part Time Farmers Program

This program was also introduced in the 1985-86 fiscal year. The program is designed to provide loan assistance at regular lending rates to part time farmers who intend to become principally occupied in farming within ten years.

Loan approvals under the part time farmers program, which was just underway at year end, totalled $226,600 for 2 loans.

Corporate and Co-operative Loans

During the year under review, three performance bond guarantees were renewed in the amount of $284,303.

Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers, and was introduced by the Corporation on July 9, 1975. During the year, there were 111 loan approvals totalling $3,138,303 for the purchase of 7,184 head of cattle. From inception of the program to March 31, 1986, a total of 847 applications have been approved for 47,341 head of cattle with a value of $15,533,872.

Crown Land Loans

During 1980-81, the program was introduced to provide mortgage money to lessees of Crown Lands to purchase the leased land. During 1985-86, 6 loans were approved in the amount of $49,155. Total volume under this program is 135 loans for $1,832,849.

Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982 to provide financing for farmers who desire to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 291 loans were approved in the amount of $4,641,930. Total loans approved under this program to date is 868 for $13,604,202.

Manitoba Interest Rate Relief Program

The program was introduced February 15, 1982 to provide direct assistance for Manitoba farmers in difficulty due to high interest rates and to provide financial counselling through Manitoba Agriculture.

During 1985-86, 213 applications were approved under this program. First year payments of $35,551 were made to 7 clients and second year payments of $1,148,198 were made to 206 clients. As at March 31, 1986, payments under the program totalled $12,110,722.

Beef Producers Income Assurance Loans

During 1980-81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have the money available to pay them out.

Since inception of the program, 83 loans totalling $115,481 have been approved.

Guaranteed Loans

The Specific Comprehensive Guaranteed Loans Program enables the Corporation to fully indemnify the S.C.G.L. lender from loss after all loan security has been liquidated and all other loan conditions have been complied with.

During the year, no loans were approved under this program. To March 31, 1986, the total activity under this program was 31 loans for $2,124,061. No claims were paid during the 1985-86 period.

Under the 10% Cumulative Guarantee Program, the Corporation guarantees each lender's loss to a maximum of 10% of the total loans approved during specific time periods.

During the year, no new loans were approved. Two claims on guarantees totalling $60,789 were paid by the Corporation, bringing the total payments under the 10% Cumulative Guarantee Program to $737,533.

Effective April 1, 1983, a new Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guarantees 12-1/2% of the aggregate total guaranteed to each participating lending institution. The program carries a maximum of $125,000 per loan and $100,000,000 aggregate total to all participating lending institutions.

During the year, 554 loans totalling $32,243,500 were approved. Claims paid or pending under this program totalled $1,374,779 during 1985-86.

Land Lease Program

On October 16, 1977, the Corporation discontinued accepting applications for the sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1985-86, three sales were made to lessees under the terms of the purchase option clause in the lease agreement. Three other sales were made by public tender.

Fisherman's Loans

During the year, the Corporation approved 993 loans totalling $2,595,025. Total loans approved since inception of the program is $23,018,139.

To date, the Fisherman's Loan Program has been used by 2,487 clients. Because a high percentage of these fishermen (approximately 93% in 1985-86 and 93% in 1984-85) are returning for supplemental loans every one to two years, it appears that they are making use of this program for their revolving credit needs for capital purchases.

Fisherman's Loan Approvals — Total Province

For Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
Number	1048	1065	953	926	993
$ Amount	2,506,127	2,525,364	2,113,559	2,322,464	2,595,025

M.A.C.C. Summary of Activity

(Compared With Previous Fiscal Year)

	1984-85		1985-86	
	Number	Amount	Number	Amount
Direct Loans	407	$23,160,118	286	$15,749,755
Corporate & Co-operative Loans	3	699,974	2	224,814
Stocker Loans	90	2,264,982	111	3,138,303
Crown Land Loans	10	100,852	6	49,155
Manitoba Beef Stabilization Loans	249	3,991,872	291	4,641,930
Refinancing Program — Regular	—	—	71	7,012,963
— Corporate	—	—	6	1,228,930
Part time Farmers	—	—	2	226,600
Manitoba Interest Rate Relief Loans — 1st year payments	199	1,129,717	7	35,551
— 2nd year payments	441	2,530,742	206	1,148,198
TOTAL	1399	$33,878,257	988	$33,456,199
Guaranteed Loans	683	39,788,100	554	32,243,500
Land Sales	8	710,951	6	299,870
TOTAL	2090	$74,377,308	1548	$65,999,569
Fisherman's Loans — Administered by M.A.C.C. for Department of Natural Resources	926	2,322,464	993	2,595,025
TOTAL	3016	$76,699,772	2541	$68,594,594

Table I

Approved Direct Loans by Purposes

Percentage Comparison

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86	
	%	%	%	%	%	Amount
Purchase of Land by Borrower	61	13	41	53	75	11,773,923
Permanent Improvements, Buildings	8	12	8	6	3	453,301
Permanent Improvements, Land	1	1	—	—	—	21,200
Consolidation of Debts	22	60	45	35	16	2,635,442
Purchase of Livestock	6	10	4	4	4	591,900
Purchase of Equipment	1	2	1	1	1	130,600
Other Purposes	1	2	1	1	1	143,389
Total:	100	100	100	100	100	15,749,755

Table II

Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31, 1986

	*Young Farmers					Others					Totals				
	1981-82	1982-83	1983-84	1984-85	1985-86	1981-82	1982-83	1983-84	1984-85	1985-86	1981-82	1982-83	1983-84	1984-85	1985-86
New Loans															
Number	428	144	327	276	220	22	25	26	24	10	450	169	353	300	230
%	95%	85%	93%	92%	98%	5%	15%	7%	8%	4%					
$ Amount	28,125,639	9,385,373	23,905,674	17,349,111	13,245,563	1,276,366	2,184,241	1,787,261	1,716,638	294,695	29,402,005	11,569,614	25,692,935	19,065,747	13,540,258
%	96%	81%	93%	91%	98%	4%	19%	7%	9%	2%					
Average	65,714	65,176	73,106	62,859	60,207	58,017	87,369	68,740	71,526	26,470	65,338	68,459	72,784	63,552	58,871
Additional Loans															
Number	121	113	113	90	54	7	17	19	17	2	128	130	132	107	58
%	95%	87%	86%	94%	96%	5%	13%	14%	16%	4%					
$ Amount	6,292,168	4,411,402	5,428,132	3,214,932	2,196,505	248,050	832,306	1,056,569	879,439	12,992	6,540,238	5,243,708	6,484,701	4,094,371	2,209,497
%	96%	84%	84%	79%	99%	4%	16%	16%	21%	10%					
Average	52,002	39,039	48,036	35,721	40,676	35,436	48,959	55,608	51,731	6,496	51,096	40,336	49,128	38,266	38,455
Total															
Number	549	257	440	366	274	29	42	45	41	12	578	299	485	407	286
%	95%	86%	91%	90%	96%	5%	14%	9%	10%	4%					
$ Amount	34,417,827	13,796,775	29,333,806	20,564,043	15,442,068	1,524,416	3,016,547	2,843,830	2,596,075	307,687	35,942,243	16,813,322	32,177,636	23,160,118	15,749,755
%	96%	82%	91%	89%	98%	4%	18%	9%	11%	2%					
Average	62,692	53,683	66,667	56,186	56,358	52,566	71,822	63,196	63,319	25,641	62,184	56,231	66,345	56,905	55,069

*Young Farmers are those 18 to 39 years of age.

Table III

Summary of Programs

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	578	299	485	407	286
$ Amount	35,942,243	16,813,322	32,177,636	23,160,118	15,749,755
CORPORATE LOANS					
No.	3	2	—	3	2
$ Amount	611,808	680,030	(48,070)	699,974	224,814
CROWN LAND LOANS					
No.	70	(2)	30	10	6
$ Amount	1,001,836	(15,480)	332,067	100,852	49,155
STOCKER LOANS					
No.	13	52	51	90	111
$ Amount	293,002	1,101,448	1,313,425	2,264,982	3,138,303
MAN. BEEF STABILIZATION LOANS					
No.	—	96	232	249	291
$ Amount	—	1,591,600	3,378,800	3,991,872	4,641,930
REFINANCING PROGRAM					
REGULAR					
No.	—	—	—	—	71
$ Amount	—	—	—	—	7,012,963
CORPORATE					
No.	—	—	—	—	6
$ Amount	—	—	—	—	1,228,930
PART TIME FARMERS					
No.	—	—	—	—	2
$ Amount	—	—	—	—	226,600
MAN. INTEREST RATE RELIEF LOANS					
1st Yr. No.	—	513	499	199	7
$ Amount	—	2,802,971	2,928,736	1,129,717	35,551
2nd Yr. No.	—	—	281	441	206
$ Amount	—	—	1,534,807	2,530,742	1,148,198
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	7	(2)	—	—	—
$ Amount	12,783	(3,015)	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	100	123	6	—	—
$ Amount	3,660,500	4,223,500	132,000	—	—
— S.C.G.L.					
No.	3	1	—	—	—
$ Amount	178,400	60,000	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	444	307	181
$ Amount	—	—	24,356,700	15,011,900	8,331,500
Repeat Approvals					
No.	—	—	51	376	373
$ Amount	—	—	3,548,000	24,776,200	23,912,000
LAND SALES					
No.	36	9	18	8	6
$ Amount	1,963,501	318,928	1,041,131	710,951	299,870
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	400	—	—
TOTAL					
No.	810	1,091	2,097	2,090	1,548
$ Amount	43,664,073	27,573,304	70,695,632	74,377,308	65,999,569

Table IV

Summary of Programs

Interlake Region

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	85	48	64	54	32
$ Amount	4,544,279	2,677,780	3,482,349	2,904,016	1,333,945
CORPORATE LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—		—
CROWN LAND LOANS					
No.	36	(1)	9	3	4
$ Amount	519,997	(5,940)	99,285	31,722	36,380
STOCKER LOANS					
No.	1	2	3	5	6
$ Amount	(5,300)	28,549	61,600	179,882	194,583
MAN. BEEF STABILIZATION LOANS					
No.	—	21	46	40	45
$ Amount	—	304,600	592,800	767,400	836,546
REFINANCING PROGRAM REGULAR					
No.	—	—	—	—	10
$ Amount	—	—	—	—	974,981
MAN. INTEREST RATE RELIEF LOANS					
No.	—	86	173	147	43
$ Amount	—	463,222	967,759	811,326	225,428
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	7	(1)	—	—	—
$ Amount	13,219	(2,599)	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
— S.C.G.L.					
No.	—	—	—	—	—
$ Amount	(30,000)	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	29	16	10
$ Amount	—	—	1,389,000	526,000	375,000
Repeat Approvals					
No.	—	—	2	24	19
$ Amount	—	—	145,000	1,617,000	957,000
LAND SALES					
No.	—	1	7	—	2
$ Amount	84,127	32,665	182,314	—	98,700
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	400	—	—
TOTAL					
No.	129	156	333	289	171
$ Amount	5,126,322	3,498,277	6,920,507	6,837,346	5,032,563

Table V

Summary of Programs

Eastern Region

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	54	42	37	38	16
$ Amount	4,156,243	2,980,784	2,438,003	2,594,942	712,442
CORPORATE LOANS					
No.	2	1	(1)	2	1
$ Amount	161,670	150,000	(150,000)	265,000	50,500
CROWN LAND LOANS					
No.	14	—	6	3	1
$ Amount	260,766	—	73,525	29,400	(375)
STOCKER LOANS					
No.	(1)	—	—	6	10
$ Amount	47,000	(55,800)	—	169,014	348,421
MAN. BEEF STABILIZATION LOANS					
No.	—	4	14	18	21
$ Amount	—	116,900	138,700	295,940	351,807
REFINANCING PROGRAM REGULAR					
No.	—	—	—	—	6
$ Amount	—	—	—	—	757,232
CORPORATE					
No.	—	—	—	—	2
$ Amount	—	—	—	—	463,670
MAN. INTEREST RATE RELIEF LOANS					
No.	—	63	71	38	11
$ Amount	—	346,404	409,901	228,020	63,982
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	—	(1)	—	—	—
$ Amount	—	(416)	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	5	5	1	—	—
$ Amount	141,000	90,000	20,000	—	—
— S.C.G.L.					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	29	9	11
$ Amount	—	—	1,436,200	403,600	563,000
Repeat Approvals					
No.	—	—	—	20	19
$ Amount	—	—	—	1,271,200	1,338,000
LAND SALES					
No.	4	—	2	2	2
$ Amount	97,214	—	102,100	135,664	129,800
TOTAL					
No.	78	114	159	136	100
$ Amount	4,863,893	3,627,872	4,468,429	5,392,780	4,778,479

Table VI

Summary of Programs

Central Region

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	85	39	93	62	50
$ Amount	6,069,932	1,804,924	6,411,473	3,187,556	3,075,902
CORPORATE LOANS					
No.	1	1	—	1	—
$ Amount	450,138	530,030	38,930	183,859	5,314
CROWN LAND LOANS					
No.	1	—	—	—	—
$ Amount	6,120	—	—	—	—
STOCKER LOANS					
No.	—	13	12	14	25
$ Amount	11,500	286,343	330,303	399,994	922,559
MAN. BEEF STABILIZATION LOANS					
No.	—	19	44	49	55
$ Amount	—	324,200	686,700	686,940	795,863
REFINANCING PROGRAM REGULAR					
No.	—	—	—	—	5
$ Amount	—	—	—	—	521,750
MAN. INTEREST RATE RELIEF LOANS					
No.	—	92	216	184	56
$ Amount	—	510,125	1,256,141	1,057,147	313,761
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	12	17	—	—	—
$ Amount	620,000	796,000	—	—	—
— S.C.G.L.					
No.	2	—	—	—	—
$ Amount	155,000	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	135	59	48
$ Amount	—	—	8,870,000	3,855,000	2,207,000
Repeat Approvals					
No.	—	—	15	107	75
$ Amount	—	—	1,323,000	8,784,000	5,901,000
LAND SALES					
No.	2	2	1	1	—
$ Amount	167,662	116,470	40,000	163,400	—
TOTAL					
No.	103	183	516	477	314
$ Amount	7,480,352	4,368,092	18,956,547	18,317,896	13,743,149

Table VII

Summary of Programs

South Western Region

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	237	117	204	173	120
$ Amount	14,890,989	6,983,215	15,064,880	10,333,278	7,386,122
CORPORATE LOANS					
No.	—	—	1	(1)	1
$ Amount	—	—	63,000	(63,000)	169,000
CROWN LAND LOANS					
No.	1	—	1	—	—
$ Amount	25,470	—	21,070	—	—
STOCKER LOANS					
No.	(1)	29	30	40	53
$ Amount	(20,600)	553,705	777,622	954,177	1,305,099
MAN. BEEF STABILIZATION LOANS					
No.	—	25	59	71	80
$ Amount	—	387,000	937,600	1,209,452	1,274,199
REFINANCING PROGRAM					
REGULAR					
No.	—	—	—	—	34
$ Amount	—	—	—	—	3,522,065
CORPORATE					
No.	—	—	—	—	4
$ Amount	—	—	—	—	765,260
PART TIME FARMERS					
No.	—	—	—	—	2
$ Amount	—	—	—	—	226,600
MAN. INTEREST RATE RELIEF LOANS					
No.	—	148	148	102	45
$ Amount	—	835,044	857,664	635,360	253,569
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	1	—	—	—	—
$ Amount	1,221	—	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	73	92	5	—	—
$ Amount	2,623,000	3,066,500	112,000	—	—
— S.C.G.L.					
No.	1	1	—	—	—
$ Amount	55,400	60,000	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	176	136	81
$ Amount	—	—	9,241,000	6,647,000	3,657,500
Repeat Approvals					
No.	—	—	25	151	167
$ Amount	—	—	1,540,000	8,846,500	10,272,000
LAND SALES					
No.	11	3	5	2	2
$ Amount	854,351	96,072	533,017	147,250	71,370
TOTAL					
No.	323	415	654	674	589
$ Amount	18,429,831	11,981,536	29,147,853	28,710,017	28,902,784

Table VIII

Summary of Programs

North Western Region

For the Five Years Ended March 31, 1986

	1981-82	1982-83	1983-84	1984-85	1985-86
DIRECT LOANS					
No.	117	53	87	80	68
$ Amount	6,280,800	2,366,619	4,780,931	4,140,326	3,241,344
CORPORATE LOANS					
No.	—	—	—	1	—
$ Amount	—	—	—	314,115	—
CROWN LAND LOANS					
No.	18	(1)	14	4	1
$ Amount	189,483	(9,540)	138,187	39,730	13,150
STOCKER LOANS					
No.	14	8	6	25	17
$ Amount	260,402	288,651	143,900	561,915	367,641
MAN. BEEF STABILIZATION LOANS					
No.	—	27	69	71	90
$ Amount	—	458,900	1,023,000	1,032,140	1,383,515
REFINANCING PROGRAM REGULAR					
No.	—	—	—	—	16
$ Amount	—	—	—	—	1,236,935
MAN. INTEREST RATE RELIEF LOANS					
No.	—	124	172	169	58
$ Amount	—	648,176	972,078	928,606	327,009
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	(1)	—	—	—	—
$ Amount	(1,657)	—	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	10	9	—	—	—
$ Amount	276,500	271,000	—	—	—
— S.C.G.L.					
No.	—	—	—	—	—
$ Amount	(2,000)	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	75	87	31
$ Amount	—	—	3,420,500	3,580,300	1,529,000
Repeat Approvals					
No.	—	—	9	74	93
$ Amount	—	—	540,000	4,257,500	5,444,000
LAND SALES					
No.	19	3	3	3	—
$ Amount	760,147	73,721	183,700	264,637	—
TOTAL					
No.	177	223	435	514	374
$ Amount	7,763,675	4,097,527	11,202,296	15,119,269	13,542,594

Manitoba

The Manitoba Agricultural Credit Corporation

Report of The Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceeding year.

Fred H. Jackson

June 19, 1986,
Winnipeg, Manitoba

F.H. Jackson, C.A.,
Provincial Auditor

Exhibit A

The Manitoba Agricultural Credit Corporation

Balance Sheet

as at March 31, 1986
(with 1985 figures for comparison)

Assets

The Agricultural Credit Corporation Act

	1986	1985
Cash:		
On hand and in bank	$ 66,283	$ —
On deposit with the Minister of Finance	2,171,665	2,977,919
	2,237,948	2,977,919
Accounts receivable:		
Rent	130,616	263,138
Sale of real estate	58,163	169
Conditional incentive grants and accrued interest	22,493	35,728
Other	6,084	11,477
	217,356	310,512
Stocker program advances receivable (Note 3)	1,893,486	1,683,103
Mortgages, chattels and agreements for sale receivable (Note 4)	206,470,792	195,738,672
Promissory notes receivable (Note 5)	958,986	1,458,270
Security agreements receivable (Note 6)	3,766,757	3,424,134
Real estate (Note 8)	9,699,663	7,803,946
Unamortized debt discount and expense	62,075	68,442
	225,307,063	213,464,998

Part III of The Fisheries Act

Cash on deposit with the Minister of Finance	104,869	300,914
Prepaid expenses	1,379	931
Loans receivable, less allowance for doubtful accounts of $335,734 (1985 — $280,223)	3,643,559	3,227,097
	3,749,807	3,528,942
	$229,056,870	$216,993,940

Approved on behalf of the Board

Director

Director

Liabilities and Reserve (Deficit)

The Agricultural Credit Corporation Act

	1986	1985
Excess of outstanding cheques over bank balance	$ —	$ 124,679
Accounts payable:		
The Province of Manitoba	670,563	660,122
Other	2,592,544	2,071,924
	3,263,107	2,856,725
Advances from the Province of Manitoba (Note 9 a))	226,751,303	207,705,884
Deficit account (Note 10):		
Balance at beginning of year	2,902,389	2,902,389
Excess of expenditure over revenue, Exhibit B	(7,609,736)	—
Balance at end of year	(4,707,347)	2,902,389
	225,307,063	213,464,998

Part III of The Fisheries Act

Accounts payable	21,518	653
Advances from the Province of Manitoba (Note 9 b))	3,700,000	3,500,000
Reserve for Working Capital:		
Balance at beginning and end of year	28,289	28,289
	3,749,807	3,528,942
	$229,056,870	$216,993,940

Exhibit B

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Revenue and Expenditure

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$ 22,147,694	$ 19,653,067
Promissory notes	245,178	314,130
Stocker program	253,095	158,964
Security agreements	333,990	330,415
Cash on deposit with the Minister of Finance	8,192	6,869
Term deposits with the Minister of Finance	516,511	358,599
Real estate (Note 12)	1,077,446	997,778
Other	21,688	22,208
	24,603,794	21,842,030
Expenditure:		
Administration, Schedule 1	7,557,530	7,239,987
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,390,530	22,425,795
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	5,059,594	7,823,752
	19,330,936	14,602,043
Total expenditure	26,888,466	21,842,030
Excess of expenditure over revenue before refund to the Government of the Province of Manitoba (Note 10)	2,284,672	—
Refund to the Government of the Province of Manitoba — allowances for doubtful accounts (Note 10)	5,325,064	—
Excess of expenditure over revenue	$ 7,609,736	$ —

The accompanying notes are an integral part of these financial statements.

Exhibit C

The Manitoba Agricultural Credit Corporation
Part III of The Fisheries Act

Statement of Revenue and Expenditure

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest:		
Loans	$ 435,698	$ 417,378
Grants from the Province of Manitoba re administration costs (Note 2 b))	379,600	379,600
	815,298	796,978
Expenditure:		
Administration costs:		
Salaries	281,589	243,932
Audit fees	6,980	6,780
Bad debts (Note 7)	72,190	63,763
Collection expenses	636	47
Corporation capital tax	170	170
Data processing	6,387	5,916
Employee benefits	15,240	14,496
Furniture and fixtures	—	1,839
Health and post secondary education tax levy	3,275	3,131
Miscellaneous	160	58
Postage	1,768	1,792
Rental of office premises	4,232	4,378
Stationery, supplies and equipment rentals	5,923	4,605
Telephone	9,101	8,012
Travelling	26,197	23,345
Workers compensation	1,389	1,126
Relocation expenses	3,907	—
	439,144	383,390
Financing charges:		
Interest on advances from the Province of Manitoba	376,154	413,588
	815,298	796,978
Excess of revenue over expenditure	$ —	$ —

The accompanying notes are an integral part of these financial statements.

Exhibit D
Page 1

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Receipts:		
Advances from the Province of Manitoba	$37,836,900	$29,600,000
Province of Manitoba — Interest reduction program (Note 11)	6,030,665	4,655,225
Collections on account of mortgages, chattels and agreements for sale:		
Principal	12,636,384	11,123,836
Interest (Note 11)	15,960,656	18,160,133
Other charges	677,764	688,068
	29,274,804	29,972,037
Collections on account of promissory notes:		
Principal	378,877	435,880
Interest (Note 11)	237,902	349,597
	616,779	785,477
Collections on account of stocker program advances receivable:		
Principal	2,350,133	1,365,904
Interest	243,436	138,731
	2,593,569	1,504,635
Collections on account of security agreements receivable:		
Principal	8,782,478	7,441,107
Interest	346,548	292,095
	9,129,026	7,733,202
Collections on account of Manitoba Interest Rate Relief Program (Note 15)		
Principal	294,340	117,767
Interest	102,905	31,465
	397,245	149,232
Interest:		
On cash on deposit with the Minister of Finance	8,192	6,869
On term deposits with the Minister of Finance	516,511	358,599
	524,703	365,468
Carried forward	$86,403,691	$74,765,276

	1986	1985
Disbursements:		
Mortgages and agreements for sale	$22,722,195	$27,987,357
Promissory notes	10,009	74,827
Stocker program	2,710,587	2,147,180
Land and building, purchases	72,146	16,274
Security agreements	9,193,846	7,580,881
Sundry charges on account of mortgages	724,836	694,431
Taxes charged on land leasing	144,670	169,073
Young farmer rebates	2,122,356	2,218,312
Payments to farmers — Interest reduction program (Note 11)	3,695,882	2,954,678
Refund to the Government of the Province of Manitoba — allowances for doubtful accounts (Note 10)	5,325,064	—
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	19, 306,892	14,573,074
Payment to Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 15)		
Principal	267,252	117,406
Interest	87,823	27,609
	355,075	145,015
Carried forward	$66,383,558	$58,561,102

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Receipts:		
Brought forward	$86,403,691	$74,765,276
Proceeds from term deposits	19,850,000	19,450,000
Proceeds from sale of real estate	254,711	1,341,574
Collections on account of land leasing	826,141	701,387
Collections on account of livestock incentive grants	3,637	14,593
Administration costs — Manitoba Interest Rate Relief Program (Note 15)	36,038	44,892
Miscellaneous	486,132	248,692
Trust account:		
Insurance claim proceeds	71,471	32,232
Total cash receipts	107,931,821	96,598,646
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,853,239	2,007,973
	$110,785,060	$98,606,619

	1986	1985
Disbursements:		
Brought forward	$66,383,558	$58,561,102
Repayment of capital advances to the Province of Manitoba	18,791,481	14,210,908
Purchase of term deposits	19,850,000	19,450,000
Administration costs	3,457,971	3,361,114
Miscellaneous	25,039	138,024
Trust account:		
Other	39,063	32,232
Total cash disbursements	108,547,112	95,753,380
Cash on hand, in bank, less overdraft, and on deposit with the Minister of Finance at end of year	2,237,948	2,853,239
	$110,785,060	$98,606,619

The accompanying notes are an integral part of these financial statements.

Exhibit E

The Manitoba Agricultural Credit Corporation
Part III of The Fisheries Act

Statement of Receipts and Disbursements

for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Receipts:		
Province of Manitoba:		
Advances	$ 200,000	$ 200,000
Grant re administration costs	379,600	379,600
	579,600	579,500
Collections on account of loans:		
Principal	2,648,395	2,684,214
Interest	415,871	418,874
	3,064,266	3,103,088
Miscellaneous	669	—
Proceeds from sale of chattels	—	3,500
Total cash receipts	3,644,535	3,686,188
Cash on deposit with the Minister of Finance at beginning of year	300,914	43,170
	$3,945,449	$3,729,358
Disbursements:		
Loans	$3,117,228	$2,696,207
Administration costs	347,198	318,649
Interest on advances from the Province of Manitoba	376,154	413,588
Total cash disbursements	3,840,580	3,428,444
Cash on deposit with the Minister of Finance at end of year	104,869	300,914
	$3,945,449	$3,729,358

The accompanying notes are an integral part of these financial statements.

Schedule 1

The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Schedule of Administration Expenditure

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Salaries	$ 1,514,551	$ 1,415,930
Advertising	46,397	30,801
Audit fees	27,920	27,120
Bad debts (Notes 2 c) and 7):		
— promissory notes	84,889	285,751
— mortgages, chattels and agreements for sale	3,052,407	2,932,048
— stocker program	158,457	39,265
— land lease program	292,901	209,893
— security agreements	51,193	5,188
Collection expenses	4,002	6,011
Corporation capital tax	17,414	15,606
Data processing	56,337	42,332
Directors' fees and expenses	19,921	24,301
Ear tags	22,587	5,093
Employee benefits	134,502	111,721
Guaranteed loan losses	1,435,568	1,640,476
Insurance	2,635	858
Health and post secondary education tax levy	23,229	21,553
Messenger service	3,856	5,563
Miscellaneous	1,589	2,449
Office furniture and equipment	98,521	35,084
Office rental, cleaning, light and power	77,497	75,538
Postage	24,963	25,273
Professional fees	10,275	3,600
Property taxes	112,223	71,714
Real estate maintenance	26,127	7,260
Relocation expenses	11,599	8,036
Stationery, office supplies and equipment rental	51,398	44,840
Telephone	37,384	26,705
Travelling	146,976	111,910
Workers compensation	10,212	8,068
Total administration expenditure, Exhibit B	$ 7,557,530	$ 7,239,987

The accompanying notes are an integral part of these financial statements.

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1986

1. The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

   The Corporation carries out the following programs:

   i) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

   ii) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

   and the Corporation accounts for each of these programs separately.

2. Significant accounting policies of the Corporation are as follows:

   a) The Corporation operates on the accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $1,375,146 at December 31, 1985 (1984 — $1,224,145).

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province from its appropriations.

   c) Allowances for doubtful accounts

      The allowances are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditures as bad debts.

3. Stocker program advances receivable consisted of the following at March 31:

	1986	1985
Renewable interest bearing advances, 18 month term	$1,999,967	$1,757,356
Interest free advances, 12 month term, discontinued in 1975-76	20,695	19,051
Interest bearing advances under programs discontinued in 1974-75	13,149	12,179
Accrued interest	97,379	66,888
	2,131,190	1,855,474
Less: allowance for doubtful accounts	237,704	172,371
	$1,893,486	$1,683,103

4. A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1986	1985
1 year		
Accrued interest	$ 12,480,327	$ 11,673,041
Arrears	7,729,977	5,973,973
Prepayments	(5,572,540)	(4,807,439)
Regular instalments	5,314,110	4,669,240
	19,951,874	17,508,815
2 years — regular instalments	5,746,612	4,983,084
3 years — regular instalments	5,859,894	5,376,034
4 years — regular instalments	6,046,861	5,386,287
5 years — regular instalments	6,427,462	5,491,408
Over 5 years — regular instalments	168,382,596	160,837,285
	212,415,299	199,582,913
Less: allowance for doubtful accounts	5,944,507	3,844,241
	$206,470,792	$195,738,672

5. Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December, 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1986	1985
1 year		
Accrued interest	$ 134,748	$ 173,339
Arrears	729,389	856,117
Prepayments	(70,976)	(87,450)
Regular instalments	245,590	344,127
	1,038,751	1,286,133
2 years — regular instalments	175,205	275,605
3 years — regular instalments	134,145	189,589
4 years — regular instalments	97,487	141,658
5 years — regular instalments	88,660	101,533
Over 5 years — regular instalments	312,188	412,242
	1,846,436	2,406,760
Less: allowance for doubtful accounts	887,450	948,490
	$ 958,986	$1,458,270

Notes to the Financial Statements

for the year ended March 31, 1986

6. Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $3,823,138 (1985 — $3,429,322) less the allowance for doubtful accounts of $56,381 (1985 — $5,188). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

   At March 31, 1986, accrued interest of $130,892 (1985 — $144,083) and arrears of $196,935 (1985 — $311,516) are included in the total security agreements receivable.

7. Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

Asset	Allowance March 31/85	Adjustment Required 1985/86	Accounts Written-Off 1985/86	Required Allowance March 31/86
a) The Agricultural Credit Corporation Act				
Accounts receivable — rent	$ 354,774	$ 292,901	$ 163,500	$ 484,175
Stocker program	172,371	158,457	93,124	237,704
Mortgages, chattels and agreements	3,844,241	3,052,407	952,141	5,944,507
Promissory notes	948,490	84,889	145,929	887,450
Security agreements	5,188	51,193	—	56,381
	$5,325,064	$3,639,847	$1,354,694	$7,610,217
b) Part III — The Fisheries Act				
Loans receivable	$ 280,223	$ 72,190	$ 16,679	$ 335,734

8. Real estate consists of purchases for the land lease program, at cost, and foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values. Approximately 97% of this real estate has been leased, 90% of which is subject to an option to purchase.

9. The advances from the Province of Manitoba consisted of the following at March 31:

	1986	1985
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.625%	$207,901,303	$188,855,884
Advances repayable at maturity:		
11% due May 1, 1989	10,000,000	10,000,000
12.74% due March 3, 2000	8,850,000	8,850,000
	$226,751,303	$207,705,884

9. (Continued)

Maturities of principal by fiscal year are as follows:		
1986	$ —	$ 8,462,298
1987	12,320,857	9,400,888
1988	8,962,440	6,725,724
1989	8,550,703	7,070,978
1990	19,145,395	17,530,731
1991	9,824,231	8,063,348
1992 through 2016	167,947,677	150,451,917
	$226,751,303	$207,705,884
b) Part III of The Fisheries Act:		
Advances repayable on demand, interest payable at prime rates	$ 3,700,000	$ 3,500,000

10. **Deficit Account**

During the year the Government of the Province of Manitoba changed the basis for funding the allowances for doubtful accounts under The Agricultural Credit Corporation Act.

Previously, the Province provided funds to cover the increase in the allowances each year. Commencing with the year ended March 31, 1986, the Province discontinued this practice and now provides funds to the Corporation for doubtful accounts actually written off. To initiate this change in funding policy, the Corporation refunded $5,325,064 to the Province, being the balance of the allowance for doubtful accounts as at March 31, 1985. For the year ended March 31, 1986, this change in funding policy has resulted in increasing the excess of expenditure over revenue by $2,285,153.

11. The Province of Manitoba provided $6,030,665 for the 1985-86 interest reduction program. Of this amount, $3,696,554 was paid directly by the Corporation to farmers. The balance of $2,334,111 was retained by the Corporation and credited to client accounts in arrears.

12. During the year ended March 31, 1986, the Corporation sold six of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees	3	$136,370	$ 71,165	$ 65,205
Sales by Public Tender	3	163,500	100,250	63,250
	6	$299,870	$171,415	$128,455

The gains of $65,205 on sales to lessees resulted from adjustments on the exercise of purchase options by lessees of the previously charged lease rates to the lending rates in effect at the date of the lease.

The total gain of $128,455 (1985 — $249,247) has been included in real estate revenue of $1,077,446 (1985 — $997,788).

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13. Funds approved but not disbursed as at March 31 amounted to:

	1986	1985
a) The Agricultural Credit Corporation Act:		
Direct loans	$ 4,898,731	$ 6,355,900
Corporate loans	453,303	593,100
Refinancing program — regular	2,683,391	—
— corporate	293,670	—
Part-time farmers	226,600	—
Stocker program	1,332,951	793,500
Land lease program	3,501	5,500
Crown land loans	36,780	47,700
Security agreements	691,924	416,000
	$10,620,851	$8,211,700

The Corporate loans amount includes $284,303 which represents performance bond guarantees to agricultural marketing agencies.

b) Part III of The Fisheries Act:		
Direct loans	$ 234,176	$ 326,000

14. At March 31, 1986, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation is liable under its guarantee for losses sustained by the lending agencies on loans to individual farmers but the amount of liability to any one agency cannot exceed 10% of the total guaranteed loans made by the agency during a guarantee period. The last of these guarantees was given during the 1983-84 fiscal year. At March 31, the Corporation's contingent liability on the basis of 10% of loans made by agencies during the previous guarantee periods was:

	1986	1985
For the thirty-nine month guarantee period ended March 31, 1981	$ 87,931	$ 87,931
For the three year period ended March 31, 1985	67,000	127,790
	$154,931	$215,721

b) The Corporation also fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1986, these guaranteed loans amounted to $1,193,475 (1985 — $1,272,296).

c) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12-1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1986, the Corporation's contingent liability amounted to $4,032,675 (1985 — $4,299,685).

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15. The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

16. The Government of the Province of Manitoba provides the service of legal counsel, a computer system programmer/analyst and other miscellaneous administrative service at no charge to the Corporation.